

AVERAGE WEEKLY EARNINGS, AUSTRALIA, AUGUST 1990 PRELIMINARY

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MAIN FEATURES

Preliminary estimates of average weekly earnings for August 1990 and the respective changes over previous periods are shown below.

Notes on the estimates

The movements in all categories of earnings between May 1990 and August 1990 are statistically significant except for total earnings for full-time adult males.

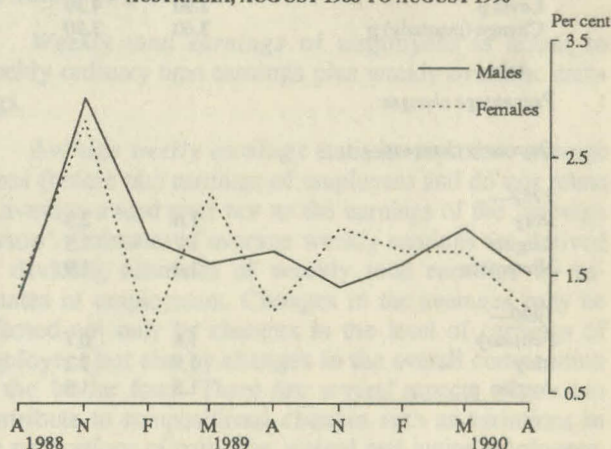
These movements were influenced by:

- flow-through of the second increase handed down in the National Wage Case decision of August 1989. This decision allowed for an increase of \$15.00 (or 3%, whichever is greater) for skilled workers, \$12.50 for semi-skilled workers and \$10.00 for unskilled workers.

Supplementary information obtained during the survey (which should be regarded as indicative only) suggests that approximately 54 per cent of full-time adult employees had received an increase for the second instalment by the August 1990 survey reference date.

Where a flat dollar increase was awarded, the increase for lower paid employees was proportionally more than for higher paid employees.

QUARTERLY MOVEMENT IN AVERAGE WEEKLY ORDINARY
TIME EARNINGS OF FULL-TIME ADULT EMPLOYEES,
AUSTRALIA, AUGUST 1988 TO AUGUST 1990



	Full-time adult average weekly ordinary time earnings			Full-time adult average weekly total earnings			All employees average weekly total earnings		
	Change (%)			Change (%)			Change (%)		
	May 1990 to Aug. 1989 to (\$)			May 1990 to Aug. 1989 to (\$)			May 1990 to Aug. 1989 to (\$)		
	Aug. 1990	Aug. 1990		Aug. 1990	Aug. 1990		Aug. 1990	Aug. 1990	
Males	575.00	+1.5	+6.6	621.00	+1.3	+6.1	564.30	+1.5	+7.1
Females	475.80	+1.2	+6.7	488.50	+1.1	+6.4	366.70	+1.4	+7.2
Persons	541.70	+1.4	+6.5	576.50	+1.3	+6.1	477.30	+1.6	+6.8

NOTE: The statistics of Average Weekly Earnings are compiled from data obtained from a sample survey of employers. Refer to paragraph 2 of the Explanatory Notes (page 3) for information regarding the sampling frame used by this survey, and the possibility of future revisions.

IAN CASTLES
Australian Statistician

AVERAGE WEEKLY EARNINGS OF EMPLOYEES, AUSTRALIA

Reference period — pay period ending on or before	Males			Females			Persons		
	Full-time adults		All males	Full-time adults		All females	Full-time adults		All employees
	Ordinary time earnings	Total earnings	Total earnings	Ordinary time earnings	Total earnings	Total earnings	Ordinary time earnings	Total earnings	Total earnings
— dollars —									
1989—									
19 May	530.40	576.60	519.10	440.80	453.80	339.00	501.10	536.50	442.20
18 August	539.30	585.00	527.10	446.00	459.30	342.10	508.40	543.40	446.80
17 November	547.00	595.90	540.00	454.50	467.60	349.30	516.60	553.80	457.20
1990—									
16 February	555.80	600.20	546.30	462.40	475.10	358.30	524.70	558.60	464.80
18 May	566.60	613.30	555.80	470.20	483.00	361.80	534.10	569.30	470.00
17 August p	575.00	621.00	564.30	475.80	488.50	366.70	541.70	576.50	477.30
Standard errors (a)—									
1990—									
August									
Level p	3.90	4.30	4.30	2.30	2.40	2.80	2.90	3.20	3.30
Change (quarterly) p	3.60	3.90	3.90	1.40	1.40	1.80	2.30	2.50	2.40
Percentage changes:									
— per cent —									
Quarterly change to—									
1989—									
May	1.6	2.3	1.5	2.2	2.4	1.3	1.8	2.3	1.3
August	1.7	1.5	1.5	1.2	1.2	0.9	1.5	1.3	1.0
November	1.4	1.9	2.5	1.9	1.8	2.1	1.6	1.9	2.3
1990—									
February	1.6	0.7	1.2	1.7	1.6	2.6	1.6	0.9	1.7
May	1.9	2.2	1.7	1.7	1.7	1.0	1.8	1.9	1.1
August p	1.5	1.3	1.5	1.2	1.1	1.4	1.4	1.3	1.6
Annual change to—									
1989—									
May	7.9	8.3	7.8	7.7	8.2	7.2	7.8	8.2	7.3
August	8.3	8.6	8.4	7.5	7.7	7.0	8.0	8.2	7.5
November	6.7	6.6	6.9	6.5	6.4	6.3	6.6	6.4	6.3
1990—									
February	6.5	6.5	6.8	7.2	7.2	7.0	6.6	6.5	6.5
May	6.8	6.4	7.1	6.7	6.4	6.7	6.6	6.1	6.3
August p	6.6	6.1	7.1	6.7	6.4	7.2	6.5	6.1	6.8

(a) See paragraphs 20 to 24 of the Explanatory Notes.

EXPLANATORY NOTES

Introduction

This publication contains preliminary estimates of average weekly earnings for August 1990 based on information obtained from a sample survey of employers. Final estimates will be published in *Average Weekly Earnings, States and Australia, August 1990* (6302.0)

Coverage adjustment

2. This survey uses as its sampling frame the ABS's register of businesses which is regularly updated to take account of new businesses and businesses ceasing operation. A major source of information on new businesses is group employer (GE) registrations with the Australian Tax Office. The ABS is developing an improved computerised system which will reduce the delay in new businesses from this source being recorded on the register, while at the same time undertaking an analysis to identify businesses which have been omitted from the register in the past. During the time these improvements to the register are being implemented, it has been necessary to temporarily suspend updating the register from GE registrations. The effect is that the survey will not represent new GE businesses in the period June to December 1990. The non-representation of these units would have a major effect on the estimates only if the average weekly earnings of such units is significantly different from that of the rest of the population. This is considered unlikely, and so it has not been considered appropriate to make any adjustments to the estimates in this publication. However, when the improvements to the business register have been completed in 1991 the series in this publication for the period June to December 1990 will be reassessed using information that will then be available concerning new GE businesses. If necessary, revisions will be made to the data at that time.

3. Background information about the average weekly earnings series is provided in *Information Paper: New Statistical Series: Employment, Average Weekly Earnings, Job Vacancies and Overtime* (6256.0) published on 21 June 1984, copies of which are available on request.

Scope of the survey

4. All wage and salary earners who received pay for the reference period are represented in the survey, except:

- members of the Australian permanent defence forces;
- employees of enterprises primarily engaged in agriculture, forestry, fishing and hunting;
- employees in private households employing staff;
- employees of overseas embassies, consulates, etc.;
- employees based outside Australia; and
- employees on workers' compensation who are not paid through the payroll.

5. Also excluded are the following persons who are not regarded as employees for the purposes of this survey:

- directors who are not paid a salary;
- proprietors/partners of unincorporated businesses; and

- self-employed persons such as subcontractors, owner/drivers, consultants and persons paid solely by commission without a retainer.

Definitions

6. *Weekly ordinary time earnings* refers to one week's earnings of employees for the reference period attributable to award, standard or agreed hours of work. It is calculated before taxation and any other deductions (e.g. superannuation, board and lodging) have been made. Included in ordinary time earnings are award payments, base rates of pay, overaward payments, penalty payments, shift and other allowances; commissions and retainers; bonuses and similar payments related to the reference period; payments under incentive or piecework; payments under profit-sharing schemes normally paid each pay period; payments for leave taken during the reference period; all workers' compensation payments made through the payroll; and salary payments made to directors. Excluded are overtime payments, retrospective pay, pay in advance, leave loadings, severance, termination and redundancy payments and other payments not related to the reference period.

7. *Weekly total earnings* of employees is equal to weekly ordinary time earnings plus weekly overtime earnings.

8. *Average weekly earnings* statistics represent average gross (before tax) earnings of employees and do not relate to average award rates nor to the earnings of the 'average person'. Estimates of average weekly earnings are derived by dividing estimates of weekly total earnings by estimates of employment. Changes in the averages may be affected not only by changes in the level of earnings of employees but also by changes in the overall composition of the labour force. There are several aspects which can contribute to compositional changes such as variations in the proportions of part-time, casual and junior employees, variations in the occupational distribution within and across industries and variations in the distribution of employment between industries.

9. *Employees* refers to all wage and salary earners (as defined in paragraph 4 of the Explanatory Notes) who received pay for any part of the reference period.

10. *Full-time employees* are permanent, temporary and casual employees who normally work the agreed or award hours for a full-time employee in their occupation and received pay for any part of the reference period; if agreed or award hours do not apply, employees are regarded as full-time if they ordinarily work 35 hours or more per week.

11. *Adult employees* are those employees 21 years of age or over and those employees who, although under 21 years of age, are paid at the full adult rate for their occupation.

12. *Reference period* for the survey refers to the last pay period ending on or before the third Friday of the middle

month of the quarter. The reference date for the current survey is 17 August 1990.

13. *Sector.* Public sector includes all local government authorities and government departments, agencies and authorities created by, or reporting to the Commonwealth and State Parliaments. All remaining employees are classified as private sector.

Survey design

14. A sample of approximately 4,800 employers is selected from the ABS register of businesses to ensure adequate State and industry representation. The sample is updated each quarter to reflect changes in the ABS register of business units. These changes arise from the emergence of new businesses, takeovers and mergers, changes to industry classification, changes in the number of employees, and businesses which have ceased operations. Such updating of the register can contribute to changes in the estimates of average weekly earnings.

15. Recently the ABS has introduced new definitions and rules for recording units on the register with greater emphasis being given to the way organisations are structured and the type of data available from businesses' accounts. These changes should reduce respondent load and lead to improved data quality. In order to correctly apply these new rules, the ABS is undertaking a program of visits to the largest private and public sector organisations in Australia to obtain up to date information on their structure and operations. The outcome of these visits and the adoption of new units definitions may result in changes in the survey estimates, as outlined in paragraph 6 above. Amendment to the register is expected to be spread over the next several quarters.

16. The statistical unit for the survey comprises all activities of an enterprise in a particular State or Territory. Each statistical unit is classified to an industry which reflects the predominant activity of the enterprise in the State or Territory. In a small number of cases where an enterprise has significant employment in more than one industry, a separate statistical unit is created for each industry. The statistical units are stratified by State, public/private, industry and size of employment and an equal probability sample is selected from each stratum.

Comparability of results

17. When comparisons are made between period to period movements in average weekly ordinary time earnings (AWOTE) for full-time adults and movements in the Award Rates of Pay Indexes (ARPI) it is important to recognise the different coverage, scope, definitions and methodology used in the construction of each series. In particular, the AWOTE series includes a number of payments additional to award rates of pay used in compiling ARPI. Allowances covered under awards which are not industry or occupation wide in their application such as site, travelling, height and dirt allowances are excluded from ARPI but included in AWOTE. The AWOTE series also includes other payments, such as shift penalty payments and overaward pay. A significant number of employees are not covered by awards but are included in AWOTE. The AWOTE series is affected by composition-

al change in the labour force. However ARPI is not, because it is a fixed-weight index constructed from a representative 'basket' of occupations selected from the May 1985 Survey of Employee Earnings and Hours and subject to reselection and rebasing at infrequent intervals. Other factors affecting comparisons of the two series include seasonal influences on earnings and differences between the two series in the treatment of retrospective pay increases. A detailed description of the methodology, scope and definitions used in ARPI is published in *Award Rates of Pay Indexes, Australia* (6312.0).

18. It is also important to recognise that whilst average employee earnings can be derived from the Survey of Employment and Earnings (SEE) published in *Employed Wage and Salary Earners, Australia* (6248.0), these average earnings will not be comparable with those produced from the Survey of Average Weekly Earnings (AWE). In the AWE survey, information is obtained relating to a specified pay period, the last pay period ending on or before the third Friday of the middle month of the calendar quarter. The SEE collects the sum of employee earnings paid in *all* pay periods ending in a calendar quarter including payments to employees which are excluded from the scope of the AWE survey such as retrospective pay, pay in advance, leave loadings and severance, termination and redundancy payments. Whilst the quarterly earnings produced by the SEE are affected by the varying number of pay periods from quarter to quarter the AWE results are unaffected because of the selection of a specified pay period in the middle of a quarter. The SEE earnings data are also more subject to seasonal variations, particularly in the December and March quarters, due to the incidence of holidays taken in January being paid in advance and the earnings being reported in December quarter figures.

Historical series

19. The series was introduced in August 1981 when it replaced the average weekly earnings series based principally on information from payroll tax returns. Revised estimates of average weekly earnings for the period August 1981 to November 1983 were included in *Average Weekly Earnings, States and Australia, March Quarter 1984* (6302.0) published on 12 July 1984. Users who need a measure of the movement in earnings for a period which spans both the payroll tax based and employer survey series should refer to Table 3 in that publication which presents both series linked to a common index base (August 1981 = 100).

Reliability of estimates

20. As the estimates in this publication are based on information relating to a sample of employers rather than a full enumeration, they are subject to sampling variability. That is, they may differ from the estimates that would have been produced if the information had been obtained from all employers. This difference, called *sampling error*, should not be confused with inaccuracy that may occur because of imperfections in reporting by respondents or in processing by the ABS. Such inaccuracy is referred to as *non-sampling error* and may occur in any enumeration whether it be a full count or sample. Efforts

have been made to reduce non-sampling error by careful design of questionnaires, detailed checking of returns and quality control of processing.

21. The sampling error associated with any estimate can be estimated from the sample results. One measure of sampling error is given by the *standard error* which indicates the degree to which an estimate may vary from the value that would have been obtained from a full enumeration (the 'true' figure). There are about two chances in three that a sample estimate differs from the true value by less than one standard error, and about nineteen chances in twenty that the difference will be less than two standard errors.

22. An example of the use of a standard error is as follows. If the estimated average earnings was \$500.00 with a standard error of \$4.00, then there would be about two chances in three that a full enumeration would have given an estimate in the range \$496.00 to \$504.00 and about nineteen chances in twenty that it would be in the range \$492.00 to \$508.00.

23. An example of the use of a standard error for a quarterly change estimate is as follows. If the estimated standard error for a quarterly change estimate of average weekly earnings was \$1.00 and the quarterly change estimate between two quarters was \$1.50, then there would be about two chances in three that a full enumeration would have given a quarterly change estimate in the range +\$0.50 to +\$2.50 and about nineteen chances in twenty that it would be in the range -\$0.50 to +\$3.50.

24. Quarterly movements in estimates of average weekly earnings are considered to be statistically significant where they exceed two standard errors.

Related publications

25. Users may also wish to refer to the following publications which are available on request:

Average Weekly Earnings, States and Australia (6302.0)—issued quarterly

Average Earnings and Hours of Employees, Australia (6304.0)—issued annually

Distribution and Composition of Employee Earnings and Hours, Australia (6306.0)—issued annually

Job Vacancies and Overtime, Australia (6354.0)—issued quarterly

Employed Wage and Salary Earners, Australia (6248.0)—issued quarterly

Information Paper: New Statistical Series: Employment, Average Weekly Earnings, Job Vacancies and Overtime (6256.0)

Award Rates of Pay Indexes, Australia (6312.0)—issued monthly

The Labour Force, Australia (6203.0)—issued monthly.

26. Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia*

(1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Unpublished statistics

27. In some cases, the ABS can also make available information which is not published. This information may be made available in one or more of the following forms: microfiche, photocopy, data tape, floppy disk, computer printout or clerically extracted tabulation. Generally, a charge is made for providing unpublished information. Inquiries should be made to Mark Patton on (06) 252 5946 or Information Services in the nearest ABS office.

Symbols and other usages

p preliminary

28. The estimates of average weekly earnings are rounded to the nearest 10 cents.

29. Percentage changes are calculated on the actual values and may differ from calculations based on rounded estimates.

Forthcoming Issues

30. The following table shows the dates on which catalogues 6301.0 and 6302.0 are expected to be released.

	ISSUE	EXPECTED RELEASE DATE
1990	August 6302.0 (States and Australia)	13 December 1990
	November 6301.0 (Australia, Preliminary)	15 February 1991
	November 6302.0 (States and Australia)	13 March 1991

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Floppy disk service

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GENERAL INCREASES IN AWARD WAGES

The following table gives details of general increases in award wages as a result of recent wage hearings (e.g. indexation cases). More detailed information on wage determination in Australia is contained in *Year Book, Australia* (1301.0). Figures for earlier periods were published in *Labour Statistics, Australia, 1980* (6101.0) and in *Award Rates of Pay Indexes, Australia* (6312.0).

GENERAL INCREASES IN AWARD WAGES — ADULTS, FEDERAL AND STATE AWARDS, ETC.

<i>Date operative(a)</i>	<i>Increase</i>	<i>Comments</i>
1985		
4 November	3.8 per cent	National Wage Case increase to all States(b). In Queensland the operative date was 11 November 1985.
1986		
1 July	2.3 per cent	National Wage Case increase to all States(c). In Queensland the operative date was 7 July 1986.
1987		
10 March	\$10.00	National Wage Case increase to all States. This is the first tier payment under the two tier wage fixing system. The decision provided for second tier increases, not exceeding 4 per cent of wages and salaries, subject to approval by the Conciliation and Arbitration Commission.
1988		
5 February	\$6.00	National Wage Case increase to all States.
September	3.0 per cent	National Wage Case increase to all States. This is the first part of the increase, which was not to be available before 1 September 1988.
1989		
March	\$10.00	National Wage Case increase to all States. This is the second part of the increase, from the August 1988 National Wage Case, which was not to be available before 1 March 1989.
August	Various	National Wage Case increase to all States. The National Wage Case decision of August 1989 allowed for an increase of \$15 (or 3% whichever is greater) for skilled workers, \$12.50 for semi-skilled workers and \$10 for unskilled workers. A second increase of the same amount will be available no earlier than 6 months after last increase.

(a) Rates are generally operative from the first pay-period on or after the date shown, except where otherwise indicated in the comments. (b) In Queensland some awards were varied by 3.6 per cent only, while in Victoria and Queensland some awards received no increase in total wages. (c) Some awards received no increase.

